

# Special Accounts Senior Management Committee (SASMC) Meeting Notes and Action Items

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*March 11, 2015, 1pm – 3pm  
EPA Potomac Yards South Room S-5100*

## Attendees in Person

Jim Woolford, OSWER/OSRTI Director  
Tracey Stewart, OSWER/OSRTI  
Meredith Sebring, OSWER/OPM/ARMS  
Carol Terris, OCFO/OB/Acting Director  
Laura Ripley, OCFO/OB/TFAAS  
Cyndy Mackey, OECA/OSRE Director  
Rafael DeLeon, OECA/OSRE/Deputy Director  
Karen Leff, OECA/OSRE/RSD/Deputy Division Director  
Manuel Ronquillo, OECA/OSRE/RSD  
Hollis Luzecky, OECA/OSRE/RSD  
Steve Silzer, OCFO/OFM/Director  
Meshell Jones-Peeler, OCFO/OFM/Acting Deputy Director  
Nikki Wood, OCFO/OFM/PCS  
Joel Woodson (Booz Allen Hamilton)

## Attendees via Phone

Greg Luebbering, OCFO/OFS/CFC Director  
Randy Sargent, OCFO/OFS/CFC  
Peter Hendrickson, OCFO/OFS/CFC  
Patricia Mott, OECA/OSRE/RSD  
Jeanne Conklin, OCFO/OFS/Director  
Jennifer Wilbur, OSWER/OPM/ARMS Director  
Angela Carpenter, Region 2/SP/ERRD  
Courtney McEnery, Region 2/CMS/ERRD  
Rob Keating, Region 2/RMCRS/ERRD  
Kristin Giacalone, Region 2/NNJRS/ERRD  
Nicki Diforte, Region 2/DO/ERRD  
Serena McIlwain, Region 9/MTSD/Director  
Janie Thomas, Region 9 Regional Comptroller  
David Wood, Region 9  
Jessica Kwan (Booz Allen Hamilton)

## Introduction

The SASMC meeting commenced with the in-person attendees introducing themselves and Jim Woolford welcoming the attendees who were attending via phone. Woolford briefly described the agenda items and goals for the meeting that are listed in the PowerPoint presentation titled “Special Accounts Senior Management Committee Semi-Annual Meeting, March 11, 2015”. There was one new agenda item to be discussed regarding the Office of General Counsel’s (OGC) involvement in the Special Accounts Senior Management Committee meetings. This item was not on the original agenda and the group discussed this item first.

## OGC Involvement

### Exemption 5 - Deliberative Process

It was decided that OGC would attend the meetings on an as-needed basis, dependent on topics. As the agenda for the semi-annual SASMC meetings is determined well in advance of the meeting, items needing OGC involvement will be identified and discussed with OGC prior to the meeting. Mackey will report the SASMC’s decision to Elise Packard.

## Highlights from the Past 6 Months

On slide 3 of the PowerPoint presentation, Tracey Stewart informed the group of special account activity highlights over the past 6 months. Staff in the Office of Superfund Remediation and Technology Innovation (OSRTI), Office of Site Remediation Enforcement (OSRE), and the regions have continued to work on the transition of site planning data from the Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS) to the Superfund Enterprise Management System (SEMS) since the first quarter of Fiscal Year (FY) 2014. Stewart noted that the most recent issues identified were mainly with special account reports. They are working with the contractors to resolve the issues in the SEMS special account reports to be able to get an accurate reporting of available balance and plans from SEMS.

Stewart mentioned that FY 2015 work planning updates were conducted on the use of special account funds in the fall of 2014. Due to the continued transition, the FY 2015 work planning process was different than what has been done in previous years as most of the Regions are still entering and updating site schedules in SEMS. The regions were given the option to update their planning data in SEMS or in an Excel spreadsheet provided by OSRTI. The majority of the regions updated their plans on the spreadsheet since not all of their site schedules had been published in Primavera/SEMS at that time. Stewart noted that for FY 2015 mid-year planning, OSRTI and OSRE are planning to resume the semi-annual update and review process for special account plans via SEMS. OSRTI and OSRE are currently developing the schedule for mid-years. Furthermore, stemming from the 2012 Effective Utilization memo, Division Directors were asked to review special accounts with more than \$1M available, less than \$25K available, and accounts with no obligation or disbursement activities in the past 5 years. OSRTI sent those accounts for the regions to review in February 2015.



In the last SASMC meeting, the group discussed updating the charter that provided for the establishment of the SASMC. The charter has not been updated since it was first written in 2009 and feedback from the last meeting has been incorporated into the revised charter. The revised charter is being routed for signature and it is currently in Region 9 for signature. The Committee has updated the charter to include clarifying language regarding OSRTI's role as chair of the Committee to send special account documents on the Committee's behalf and the ability to cancel non-consecutive semi-annual meetings as warranted by the Committee chair.

Stewart noted that staff in the Office of Budget (OB), Cincinnati Finance Center (CFC), OSRTI, and OSRE worked together to develop the special account narrative in the FY 2016 Annual Plan and Congressional Justification released with the FY 2016 President's Budget. The budget was released in February 2015.

Stewart stated that OSRTI is currently in the process of recouping site-specific expenditures incurred for laboratory analysis by the Contract Lab Program (CLP) and Environmental Services Assessment Team (ESAT) that are paid with appropriated funds from OSRTI allowances. OSRTI identified expenditures that used appropriated funds from the prior budget fiscal year and identified where special account funds are available to possibly reimburse these costs. OSRTI has not heard back from all the regions, but they expect the process to be completed by the 2<sup>nd</sup> quarter FY 2015. Last year, about \$1.4M was identified and \$712K reimbursed using special account funds. OSRTI identified about \$1.3M in eligible expenditures this year.

Also discussed in the last SASMC meeting, a SharePoint site was created for the group to facilitate the development of documents and materials related to special accounts. Additionally, the annual report of SASMC activities for FY 2014 is currently being drafted and Woolford's comments are being addressed. The SASMC will have an opportunity to review the latest changes before it is finalized by the end of March 2015.

Lastly, the finalization of the Anadarko Petroleum Corporation fraudulent conveyance settlement resulted in approximately \$5.15B being made available for environmental response work at multiple sites across the country. Roughly \$1.4B of that amount will be deposited into special accounts, and another \$200M will be deposited in the Superfund Trust Fund. Exemption 5 - Attorney-Client Privilege

[REDACTED]

[REDACTED] Regions are putting plans in place for use of the settlement money, as everyone expects there to be a lot of scrutiny on these resources due to the size of the settlement. HQ has been in contact with the regions about the planning and tracking of these funds, Exemption 5 - Deliberative Process

[REDACTED] and will be reviewing during mid-year work planning.

## Special Account Consolidated Guidance Update

Manuel Ronquillo stated that OSRE is leading the update of the 2002 Special Account Consolidated Guidance. Since 2002, many guidance and policy documents related to special accounts have been issued, and it was decided in the last meeting to review and update this document. The expectation is that the document should be completed by the end of this fiscal year. As part of the review of the 2002 Consolidated Guidance, it was determined that the 1998 Interim Final Guidance on Disbursements of Funds from EPA Special Accounts to Responsible Parties document should be updated as well. The goal is to update both guidance documents so that they are distributed simultaneously.

### Exemption 5 - Deliberative Process

[REDACTED] There were no other areas identified by the group.

## Update on Special Account Interest and Collections Process

Nikki Wood mentioned that OCFO met with the Office of Management and Budget (OMB) in December 2014, and OMB is scheduled to follow up with OCFO in March. At the last meeting, Jeanne Conklin provided the group with an overview of the accounting anomalies that have appeared following large special account deposits in recent years.

Exemption 5 -  
Deliberative Process

[REDACTED] The next meeting with OMB is being proposed before the next Trust Fund draw down in March and should occur in the next week or two. It was noted that the OMB examiner currently working on this issue is going on detail, which is another reason the meeting should be held as soon as possible.

OCFO will continue to keep the Committee in the loop surrounding these new changes after the next meeting. Stewart expressed concerns that if the process were to change in some form, especially how interest is applied to special accounts, this would need to be communicated to the regions and Superfund Division Directors.

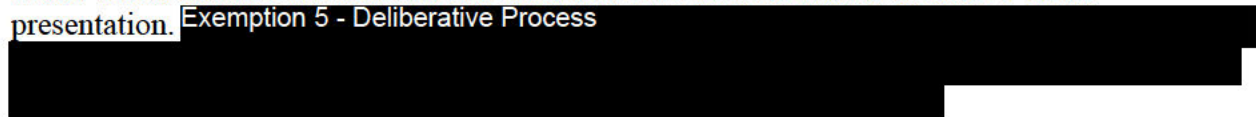
Exemption 5 - Deliberative Process

Steve Silzer committed to following up with the SASMC once options for addressing these issues are formed between OCFO and OMB.




## Next Steps on Accessing Special Accounts for Indirect Costs

Carol Terris opened the final agenda item on slide 8 of the presentation on the possibility of applying indirect costs to special accounts. Utilizing special accounts for indirect costs has been a change that has been discussed for more than a year with the SASMC. It is not currently practiced and will be a substantial policy change. Indirect costs are typically collected through settlement agreements and may be deposited in special accounts for future site-specific response work. Terris outlined the benefits and risks that have been identified on slide 9 of the presentation. **Exemption 5 - Deliberative Process**



Staff from several of the offices represented on the SASMC met with OGC/CRFLO attorney Allison Holden on February 3, 2015, and had a follow up discussion on February 25, 2015.



### **Exemption 5 - Attorney-Client Privilege**



### **Exemption 5 - Deliberative Process**



### **Exemption 5 - Deliberative Process**



There are some funds in special accounts which are determined by the regions to not be needed for site response work, which is highly variable from year to year, and these funds are returned to the Trust Fund. A member asked how much money, on average, is returned to the Trust Fund

and how does it appear to Congress. Usually the amounts are relatively small (\$2M), but this year it is estimated that roughly \$5M will be directed to the Trust Fund.

Exemption 5 -  
Deliberative  
Process

#### Exemption 5 - Deliberative Process

It was asked if the SASMC members had enough information at this time to be able to say if they supported the use of special account funds for indirect costs. Several members asked if numbers could be developed to help inform them in making a decision.

#### Exemption 5 - Deliberative Process

The group will try to come up with this in the next month and will re-group

for a conference call to discuss the issue further. A call was proposed during the week of April 13<sup>th</sup>.

## Upcoming Issues and Topics

The upcoming issues and topics listed in the presentation were walked through. The following items were noted during the walkthrough of these:

- The FY 2015 special accounts mid-year planning process may be a longer process this year than in prior years. The regions will be provided a longer window for updating their plans for use of available special account funds due to their focus on site schedules in the past year;
- Recommendations that come from the review of special accounts for A-123/Federal Managers' Financial Integrity Act (FMFIA) requirements will be reviewed during the next SASMC meeting. The last review of this type for special accounts funds was done in FY 2010, and several recommendations were implemented as a result. Exemption 5 - Deliberative Process

Exemption 5 - Deliberative Process  
OSRTI will focus on the notification process for reclassifications, transfers to the Trust Fund, and account closures. Exemption 5 - Deliberative Process

- **Exemption 5 - Attorney-Client Privilege**

- The Superfund Action Code Dictionary is in the special account work plan to be issued this fiscal year. OSRTI and OFM will issue an updated dictionary;
- The Special Accounts Management Strategy is updated every three years and the next update is slated for March 2016. Work on this update will begin within the next 6 months;
- There were brief discussions of orchestrating a cost recovery conference and a special account meeting as part of the conference. This will be discussed at upcoming meetings; and
- OCFO noted that a data act is requiring OCFO to report financial data electronically to the Department of Treasury by 2017. There is a workgroup that is currently working on this issue and how it will be addressed, and this may need to be an upcoming topic at a future meeting.

## Action Items

Below is a list of action items identified during the meeting:

